

FUNCTION 270: ENERGY

FUNCTION SUMMARY

Function 270 includes civilian activities of the Department of Energy, the Rural Utilities Service, the power programs of the Tennessee Valley Authority (TVA), and the Nuclear Regulatory Commission (NRC). In 1998, total spending for Function 270 will be \$540 million in BA and \$1.0 billion in outlays. Mandatory spending in this function contains large levels of offsetting receipts, resulting in net mandatory spending of -\$2.3 billion in BA and -\$2.9 billion in outlays. Congress provided \$2.8 billion in discretionary BA for this function in 1998. While this is a decrease of \$1.4 billion, most of it is attributed to shifting \$1.3 billion in science funding from this function to Function 250, General Science, Space, and Technology.

As reflected in the spending summary table, Function 270 outlays under the freeze baseline will fall to -\$81 million in 2003. This is a result of both declining discretionary outlays and rising mandatory offsetting receipts in this function.

This function was not a priority function in the BBA. For mandatory spending, the BBA assumed the lease of excess storage capacity at the strategic petroleum reserve to foreign countries. This proposal was enacted as part of the BBA.

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SPENDING SUMMARY (\$ billions)

		1998	1999	2000	2001	2002	2003
Chairman's Mark	BA	0.5	0.6	0.6	0.5	0.4	0.4
	OT	1.0	0.3	-(*)	-0.2	-0.4	-0.4
BBA*	BA	0.5	2.7	2.5	2.2	2.0	2.2
	OT	1.0	2.0	1.9	1.6	1.3	1.5
Freeze Baseline	BA	0.5	0.8	0.9	0.8	0.8	0.7
	OT	1.0	0.3	0.2	(*)	-(*)	-0.1
Chairman's Mark compared to:							
BBA	BA	--	-2.1	-1.9	-1.9	-1.6	-1.8
	OT	--	-1.8	-1.9	-1.8	-1.7	-1.9
Freeze Baseline	BA	--	-0.1	-0.3	-0.3	-0.4	-0.4
	OT	--	-0.1	-0.2	-0.3	-0.3	-0.4

*The Balanced Budget Agreement (BBA) levels are lower than the Chairman's mark primarily as a result of an accounting change in 1997 that shifted \$1.3 billion in Department of Energy (DOE) science funding from this Function to Function 250, General Science, Space, and Technology.

DESCRIPTION OF THE CHAIRMAN'S MARK

The Chairman's Mark adopts the President's proposed reductions in spending for this function. The President's budget includes reductions in discretionary spending that would reduce spending by \$133 million in BA and \$72 million in outlays in 1999 compared with the baseline. Over the five-year period, the President's proposals would reduce spending by \$1.5 billion in BA and \$1.2 billion in outlays as compared with the freeze baseline. More specifically, the Chairman's Mark adopts the following proposals from the President's budget for this function:

- ▶ Reduce **Naval Petroleum Reserve (NPR)** operations by \$84 million or 79 percent in 1999 because of the sale of the Elk Hills reserve in California on February 5, 1997.
- ▶ Reduce **DOE nondefense environmental management** by \$35 million in 1999;
- ▶ Reduce **Alaska Power Administration** operations by \$14 million, because of the sale of these facilities (anticipated being completed by July 15, 1998); and,

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- ▶ Adopt the President's out-year reductions for **fossil energy research and development**, decreasing BA by a total of \$310 million for 2000-2003.

The most significant increase in the President's budget for this function was for the President's Climate Control Technology Initiative (CCTI), which is designed to provide part of the reduction necessary to meet the U.S. greenhouse emissions levels the Administration agreed to in the Kyoto Protocol. Since the President has not submitted a treaty or a plan to implement the reductions called for in the agreement, providing additional funding for these technology programs in the 1999 budget is premature. As a result, the Chairman's Mark retains last year's levels for these technology programs and does not provide the increases requested by the President.